



**WE ACKNOWLEDGE OUR ROLE
IN MANAGING AND GOVERNING
IMPACTS ON THE ENVIRONMENT,
OUR PEOPLE AND THE COMMUNITIES
IN WHICH WE OPERATE. WE HAVE
AN IMPORTANT PART TO PLAY IN
CONTRIBUTING TO A SUSTAINABLE
FUTURE.**

SUSTAINABILITY REPORT

AT ADELAIDE BRIGHTON, SUSTAINABILITY IS ABOUT MANAGING OUR BUSINESS TO ENSURE SUCCESS FOR THE LONG-TERM. MANAGEMENT AND THE BOARD ARE ACTIVELY INVOLVED IN GOVERNING OUR ENVIRONMENTAL AND SOCIAL IMPACTS AND OPPORTUNITIES. OUR COMMITMENT TO SUSTAINABILITY IS BUILT ON A SOUND BUSINESS STRATEGY THAT SUPPORTS CONTINUOUS IMPROVEMENT IN THE SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE OF THE GROUP.

Seventeen Sustainable Development Goals (SDGs) were defined by the United Nations (UN) 2030 Agenda for Sustainable Development. These goals, their related targets and indicators, address the most important sustainability challenges and can stimulate worldwide transformational change. We are future focused and consider global megatrends, such as climate change, globalisation, digitalisation and automation, and how these will impact our operations.

The Adelaide Brighton Group includes Adelaide Brighton Limited and the entities it controls (the Group). This report excludes information about the joint ventures to which the Group is party to, as their operations are not material to the Group's sustainability reporting. Adelaide Brighton management are Directors on boards of the joint ventures and therefore have an active oversight role over the sustainability performance of the joint ventures.

The environmental data in this Sustainability Report relates to the year ended 30 June 2019, as reported to regulatory authorities, while the Health, Safety and Community data relates to the Group's financial year ending 31 December 2019.

The Group supports the UN SDGs. We acknowledge our role in managing and governing impacts on the environment, our people, the communities in which we operate and society more broadly. Further, we acknowledge that we have an important part to play in contributing to a sustainable future. We have prioritised four SDGs that most closely align with our strategic sustainability framework. Specifically:

1. SDG #8: Decent Work and Economic Growth;
2. SDG #9: Industry, Innovation and Infrastructure;
3. SDG #12: Responsible Consumption and Production; and
4. SDG #13: Climate Action.

This Sustainability Report outlines how the Group governs and manages social and environmental matters, our strategic approach and key achievements in 2019.

SUSTAINABLE BUSINESS

Environment

Eco-efficiency
Impact management
Product life cycle
Emission reduction
Waste utilisation
Site rehabilitation



Economic

Economic viability
Assurance of supply
Shareholders
Government
Customers



Social

Employee resources
Stakeholder relations
Community interaction
Diversity and inclusion



Environment + Economic

Greenhouse gas reduction
Energy efficiency
Alternative fuels
Alternative raw materials
Supplementary cementitious materials

Economic + Social

Product development
Corporate citizenship
Developing a skills base
Safety

Environment + Social

Process waste reduction
Mains water efficiency
Local environmental effects

Governance

Integrity
Compliance
Risk management

GOVERNANCE

The Board and Management of Adelaide Brighton are committed to the highest standards of corporate governance, essential for sustainable long-term performance and value creation. The Board has an established Safety, Health, Environment and Community (SHEC) Committee. The charter that sets out our SHEC Committee's roles and responsibilities is available on our website.

In summary:

- Our SHEC Committee consists of a minimum of three Directors, with a majority independent, and is chaired by an Independent Director;
- SHEC Committee members meet quarterly and at other times as required to monitor and oversee the effectiveness of the Group's practices related to SHEC matters;
- Other Non-executive Directors and members of Management are invited to attend these meetings;
- Any material matters arising are further reported to and discussed with the Board;
- The Board include SHEC matters in scheduled Director education sessions; and
- The Board will, at least annually, review the membership and charter of the Committee to determine its adequacy for current circumstances.

The SHEC Committee's composition and competencies are further described in our annual Corporate Governance Statement, also available on our website.

More specifically, our SHEC Committee reviews the Group's performance and identifies our key strategic priorities which in 2019 included the following:

- The further development of a Group-wide Sustainability Framework with strategic goals including sustainable and responsible business, and engaged people and communities;
- Designing a roadmap for implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations;
- Incorporation of additional environmental management software capability for improving the Group's environmental data management, emissions reporting and compliance obligations. This software provides improved on-line modules to complement our existing integrated Health, Safety and Environment Management System; and
- Roll-out of a Safety 'Step Change' Program, a four-part program endorsed by the Board and Executive Management team. Implementation commenced in 2019, to address the occurrence of harm and risk of high potential incidents, incorporating visible leadership safety walks, critical risk and life-saving rules, a new app supporting live reporting of hazards and training programs for frontline leadership.

The Group's progress against each of the above strategic priorities is further discussed in this Sustainability Report.

We also include SHEC key performance indicators in executive remuneration. The non-financial performance components of short-term incentives include a range of metrics focused on leadership, people, diversity, health, safety and environment with specific metrics for:

- Proactive environmental and safety behaviours;
- Development of capability;
- Deepening succession pools;
- Increasing diversity of candidate pools and new hires; and
- Technology as a business enabler.

MANAGEMENT APPROACH

We know sustainability issues are relevant to the Group and the external environment in which we operate. Our goal is safe and sustainable production and we continuously work to improve our SHEC management systems and culture. Our SHEC management tools and procedures are contained within our Health, Safety and Environment Management System. Our Health, Safety and Environment Policy provides the foundation, outlining our commitments in this area and the system provides standards and framework for achieving our SHEC objectives, including:

- Management and employee roles and accountabilities, and expectations of contractors;
- Provision of appropriate resources and processes to identify, manage, report and reduce SHEC risks associated with our operations;
- Consultation and communication with employees, contractors, suppliers and customers on SHEC matters;
- Processes for complying with our legislative obligations;
- Protection of the health, safety and wellbeing of employees, contractors and visitors;
- Provision of return to work opportunities for injured employees with the best opportunity to return to work through effective rehabilitation and equitable claims management; and
- Avoidance, reduction and control of waste and pollutants to reduce adverse environmental impacts.

The Group recognises a number of environmental and social stakeholder expectations. Our commitment to meeting and exceeding these expectations is captured in various policies and procedures, which Directors and employees are required to comply with.

Sustainability presents both challenges and opportunities for our industry. Responding to these challenges has already helped us reduce our carbon footprint, decrease costs and manage our risks better. Examples include the use of refuse derived fuels as a fuel substitute and lowering our carbon footprint through the use of supplemental materials, such as slag and fly ash in the production processes.

Management's ambition is to add to our current efforts by continuing to drive sustainable innovation and development which will also build brand value and improve long-term profitability. Central to delivering on that ambition is our commitment to developing low-carbon building materials, reducing adverse environmental impacts of our operations, and ensuring our people and the local communities in which we operate continue to be engaged with our sustainability journey. We will continue to take advantage of opportunities that contribute to responsible consumption and production as aligned to the UN SDG #12.



“MANAGEMENT'S AMBITION IS TO ADD TO OUR CURRENT EFFORTS BY CONTINUING TO DRIVE SUSTAINABLE INNOVATION AND DEVELOPMENT WHICH WILL ALSO BUILD BRAND VALUE AND IMPROVE LONG-TERM PROFITABILITY.”

SUSTAINABILITY REPORT

Our key sustainability challenges and opportunities include the following:

SDGS	TOPICS	CHALLENGES	OPPORTUNITIES
#13	Climate change	Our core products are energy and emission intensive and our assets and supply chain may be exposed to physical impacts of climate change.	Incorporating low or carbon-neutral products into our product mix and furthering our use of alternative fuel sources and renewable energy, such as wind and solar. To help guide our journey in addressing climate change risks, we have developed a number of initiatives including a roadmap for implementing TCFD recommendations (discussed below) as well as materials and energy efficiency improvements achieved through the use of raw material substitutes and alternative fuels.
#12 #9	Waste	Our processes produce waste and by-products that have potential for efficiency gains and reuse opportunities in a circular economy. We manage our waste and seek ways to reduce and recover waste for recycling. Our approach includes diverting waste materials from landfill for recycling, using suitable recovered materials as raw material substitutes, as well as recovering and recycling excess concrete and packaging waste.	We continue to seek out and invest in processes to divert waste materials from landfill for recovery and recycling and reuse into products. We continue to trial and use suitable recovered materials as raw material substitutes in our manufacturing process and are already using slag and fly ash as alternative materials. We also use alternative fuels in our kilns, diverting construction waste materials from landfill. We are using Refuse Derived Fuel (RDF) at our Birkenhead facility.
#9	Natural environment and community	Our stakeholder engagement and environmentally beneficial activities are an important focus area for the business. We have programs including community tree planting days and undertake progressive rehabilitation of sites and buffer land under our care and when operational activities cease.	We will continue to seek ways to better engage with our communities and implement measures to achieve improved environmental and social outcomes for the communities we live and work in. We do this by providing vital materials for construction, supporting sustainable development and realising the value of rehabilitated sites.
#8	Safety, health and wellbeing	There are inherent hazards in our operations because of their nature and location. We are constantly working to reduce occupational injuries and illnesses, including mental illness.	We have implemented a Safety 'Step Change' Program and are developing a wellbeing strategy underpinned by common values, goals and operating principles.
#8	Diversity and inclusion	Regulatory changes in reporting now require reporting on the gender pay gap in the United Kingdom, with similar legislation developing in Australia. The recent signing of the Uluru statement and #InvasionDay campaign have increased the understanding and recognition for Indigenous rights.	Our inaugural Reflect Reconciliation Action Plan has been endorsed by Reconciliation Australia. We have reviewed our existing Diversity and Inclusion Policy resulting in the development of a Diversity and Inclusion Strategy for 2020 to 2025. We have increased female representation on our Board, Executive and within senior management. We encourage flexible working arrangements, both in how we work and where we work.
#9	Perceived and actual impacts on communities	We are managing interactions with our local communities in relation to perceived and actual impacts. Effective social performance, including transparent reporting and community engagement is critical to addressing this challenge. Further, Modern Slavery legislation in Australia and abroad will make the human rights performance of companies a mainstream consideration.	We are developing our inaugural Modern Slavery statement, which will be released in 2020. We have been publicly reporting on sustainability since 2000. We will continue to enhance external communications to build on our transparency efforts to date and to inform the market about our progress.
#8	Technology	We understand that in the long-term, automation and technology will transform workforces, the equipment we use and how we use it.	We are developing a digital strategy to help us deliver productivity gains from more efficient operational activities, as well as in core Company processes in finance, and health and safety. Technology and automation will reduce manual handling within our operations and will remove our people from 'at risk' activities. Data-rich machines will become a more common feature of our operations and will enable us to make better and more agile business decisions.

STRATEGY

Sustainability is critical to Adelaide Brighton. In 2019 we developed a Sustainability Framework which incorporates challenges and opportunities. The Framework is set out in the table below and covers two key focus areas:

1. Fostering a **sustainable and responsible business** by reducing adverse environmental impacts and developing low carbon products; and
2. Enhancing **engagement with people and communities** by increasing transparency, building strong relationships with local communities and engaging our people in sustainability initiatives.

The Sustainability Framework has been endorsed by the Board and will help us continue to manage our business to ensure success for the long-term, both internally and externally. The Sustainability Framework has formed the basis of this Sustainability Report, providing a cohesive platform for continuing our sustainability journey. It also helps us focus and prioritise our sustainability efforts and manage them in a cohesive way across the Group while driving measurable performance.

Whilst we have identified a number of future priorities, this year we have introduced 5-year targets for the opportunities we intend to focus on in the shorter to medium term, which are embedded within the Sustainability Framework. We will track our performance against targets to evaluate our progress against our strategic priorities.

Strategic Goals		Challenges and Opportunities	Current Initiatives	Future Priorities	5-Year Targets	Alignment to SDGs
Sustainable and responsible business	Reduce adverse environmental impacts	<ul style="list-style-type: none">▪ Emission intensive core products▪ Waste [excess concrete, packaging, use of recycled materials]▪ Plant design not all to current best practice	<ul style="list-style-type: none">▪ Using raw material substitutes▪ Using alternative fuels▪ Responsible sourcing and screening of products▪ Diverting waste from landfill▪ Progressive rehabilitation▪ Developing TCFD disclosures▪ Implementing roadmap to deliver on TCFD recommendations▪ Use of renewable energy sources including wind and solar	<ul style="list-style-type: none">▪ Responsible use of buffer land [planting trees, solar installations]▪ Complete product lifecycle assessments▪ Waste minimisation and recycling strategy▪ Improve efficiency of operations [energy efficiency and plant upgrades]▪ Renewable energy strategy▪ Reduce the use of potable water in industrial processes▪ Business case to introduce hybrid/ electric vehicles and trucks	<ul style="list-style-type: none">▪ 7% carbon emission reduction▪ 50% kiln fuel to be sourced from alternative fuel in SA▪ 25% reduction in process waste to landfill	<div>SDG 9: Industry, Innovation and Infrastructure</div> <div>SDG 12: Responsible Consumption and Production</div> <div>SDG 13: Climate Action</div>
	Low carbon products	<ul style="list-style-type: none">▪ Regulatory impediments to replacing Portland clinker cement▪ Lack of scalable demand for greener products▪ Produce cement with 20% limestone capability	<ul style="list-style-type: none">▪ Developing geopolymers capability▪ Recycle cement packaging▪ Environmental product disclosure▪ Creating products to customer specifications at Birkenhead, including production of low carbon products	<ul style="list-style-type: none">▪ Develop carbon-neutral/low carbon products via R&D investment and strategic initiatives▪ Grow portfolio of sustainable products▪ Look to acquire businesses providing sustainable products and solutions	<ul style="list-style-type: none">▪ 20% increase in the tonnage of alternative raw materials use	<div>SDG 9: Industry, Innovation and Infrastructure</div> <div>SDG 12: Responsible Consumption and Production</div> <div>SDG 13: Climate Action</div>
Engaged people and communities	People	<ul style="list-style-type: none">▪ Reduce harm to our people [physical and mental health]▪ Workforce diversity and inclusion▪ Establish brand identity▪ Access to information	<ul style="list-style-type: none">▪ Implementing Safety 'Step Change' Program▪ Review of Diversity and Inclusion Policy▪ Developing Reflect RAP▪ Implementing graduate program▪ Inaugural Modern Slavery statement▪ Brand working group established▪ Improving environmental compliance through technology	<ul style="list-style-type: none">▪ Wellbeing strategy, including mental health▪ Progress our reconciliation journey through the RAP stages▪ Common values, goals and operating principles▪ Company initiatives for employees, e.g. plastic, lighting, waste, energy▪ Develop digital strategy	<ul style="list-style-type: none">▪ 10% reduction in TRIFR every year▪ Innovate RAP approved▪ 30% female NEDs▪ 20% female employees▪ Digital platform established to improve communication	SDG 8: Decent work and economic growth
	Communities	<ul style="list-style-type: none">▪ Reduce the negative impact and contribute positively to the communities in which we operate▪ Investor engagement	<ul style="list-style-type: none">▪ Developing cohesive messaging and branding for communities and investors i.e. sustainability strategy and reporting▪ Strategic community engagement initiatives▪ Supporting local employment	<ul style="list-style-type: none">▪ Enhance external communications▪ Community engagement strategy▪ Visible community partnerships▪ Local employment focus	<ul style="list-style-type: none">▪ Community investment aligned with the community engagement strategy▪ Maintain regular external communications	SDG 8: Decent work and economic growth

OUR PERFORMANCE IN 2019

Health and Safety performance is evaluated based on historical performance, such as Total Recordable Injury Frequency Rate [TRIFR], Lost Time Injury Frequency Rate [LTIFR], Medically Treated Injury Frequency Rate [MTIFR], Restricted Duties Injury Frequency Rate [RDIFR], Lost Time Severity Rate [LTSR] and forward looking indicators, such as High Potential Incidents [HPIs], employee engagement for mental health and safety near misses and hazards. Employee wellbeing is also considered by evaluating the utilisation of the Employee Assistance Program [EAP] and proactive training being offered by the Group.

Environmental performance is evaluated based on the reportable environmental hazards and incidents from our operations. We report our greenhouse gas (GHG) emissions, energy production and energy consumption in this Sustainability Report and to the Australian Clean Energy Regulator pursuant to the National Greenhouse and Energy Reporting [NGER] scheme, in accordance with the National Greenhouse and Energy Reporting Act 2007. We also report emissions of substances triggered under the National Pollutant Inventory [NPI] underpinned in legislation by the framework of the National Environment Protection [National Pollutant Inventory] Measure.

Community performance is evaluated based on the quality of our ongoing proactive engagement with the communities in which we operate. This includes assessment of our communication programs and community feedback and complaints mechanisms, along with our community support programs.

SHEC compliance is monitored by the Executive and the SHEC Committee of the Board to determine effectiveness of SHEC risk management processes and to ensure controls are working as intended. This includes any interactions with relevant regulators. Our internal audit function is a key component of governance over SHEC matters. SHEC audits and inspections are conducted on a regular basis and the results of these audits and inspections reported to our SHEC Committee, along with management plans to rectify any findings.

Our SHEC Committee of the Board also reviews updates on state and national regulatory developments to ensure compliance. The most recent updates have included chain of responsibility and industrial manslaughter laws, respirable crystalline silica standards, and efforts to develop the hydrogen industry by the Council of Australian Governments Energy Council.

KEY STEPS IN DELIVERING OUR 5-YEAR SUSTAINABILITY TARGETS INCLUDE:

Carbon: reducing carbon emissions is focused on investments to expand the use of low carbon fuels and carbon capture technology, and removal of fossil fuels as a source of energy.

Landfill: increased diversion of waste to beneficial reuse.

Alternative raw materials: increase engagement with standard setters to change quality standards that align with higher levels of alternate raw material usage.

KEY PERFORMANCE INDICATORS

MATERIAL TOPICS	MEASURE	2019	2018	PROGRESS
Reduce adverse environmental impacts and develop low carbon products				
Total GHG emissions [Scope 1 and 2] ¹	tCO ₂ e	2,387,020 [0.4% increase]	2,378,500	Set a 5-year target of 7% GHG emission reduction
Scope 1 GHG emissions	tCO ₂ e	2,156,481 [0.2% increase]	2,151,902	
Scope 2 GHG emissions	tCO ₂ e	230,539 [1.7% increase]	226,598	
Total energy consumption	GJ	14,782,120	14,692,315	
Alternative fuels use in SA ²	%	26%	25%	Set a 5-year target of 50% kiln fuel to be sourced from alternative fuel in SA
Alternative raw materials ³	Tonnes	1,284,967 [8% increase]	1,187,058	Set a 5-year target of 20% increase in tonnage
Reportable Environmental Incidents	Number	1	1	
Environmental Near Misses	Number	232	34	
Environmental Hazards	Number	388	506	
Mains water usage	ML	1,317 [7% increase]	1,225	
Process waste to landfill ⁴	Tonnes	168,732 [4% decrease]	175,957	Set a 5-year target of 25% reduction in process waste to landfill
People				
Total Recordable Injury Frequency Rate	MHRS ⁵	16.2	25.5	Set a 5-year target of 10% reduction in TRIFR every year
Lost Time Injury Frequency Rate	MHRS ⁵	2.5	1.7	
High Potential Incidents	Number	37	20	
Safety near misses	Number	629	870	
Safety hazards	Number	2,817	2,782	
Female Non-executive Directors [NEDs]	%	43%	29%	Maintain a 5-year target of 30% female NEDs
Female employees	%	15%	14%	Set a 5-year target of 20% female employees
Communities				
Community investment	\$	263,221	421,479	Set a target to align community investment with strategy

1 GHG emissions are measured in accordance with the NGER legislation.

2 Used at our clinker kiln production facilities. Alternative fuels are defined as any kiln fuel that is not a traditional fossil fuel including fuel derived from renewable or suitable recovered resources.

3 Alternative raw materials are defined as any waste or by-products from other industrial processes.

4 Waste produced through clinker and lime production that is sent to a final disposal destination.

5 Per million man-hours worked.

REDUCE ADVERSE ENVIRONMENTAL IMPACTS AND DEVELOP LOW CARBON PRODUCTS

Taskforce for Climate related Financial Disclosure (TCFD)

The Group acknowledges that climate change is a shared global challenge. We are committed to playing our role in reducing carbon emissions and preparing for the impacts of climate change and the actions needed to achieve net-zero carbon emissions by 2050 contributing to the UN SDG #13.



We acknowledge that there is a need for large reductions in global GHG emissions to reduce the extent of future climate change and to avoid the most severe physical climate impacts. This, coupled with the world's increasing requirements for secure and affordable energy, create significant challenges which are best addressed through collaboration between companies, governments and communities.

The Group identifies climate change as a strategic risk that could affect the Group's future operating and financial performance. In 2019, we have carried out a gap analysis of the Group's current practices and performance against the recommendations of the TCFD and developed a roadmap for implementing the recommendations over a two-year period.

Governance

Our approach to governance over sustainability matters, including climate change is articulated on page 22.

Strategy

Focus sessions with key Management and Directors were held in 2019 as part of the development of the Group's Sustainability Framework, which incorporates climate change issues. Key issues set out below have been categorised as short-term (<5 years), medium-term (5-20 years) and long-term (>20 years):

- Price for GHG emissions that are not matched internationally, leading to deterioration of competitive cost position, resulting in higher costs/lower margins (short-term);
- Material specifications for projects are changed, reducing demand for the Company's products, reducing volumes and profitability (medium-term);
- Transition to renewable energy - higher costs and potential for disruption to production due to intermittent supply (short-term);
- A substitute for Portland clinker-based cement becomes commercially viable, stranding current cement production assets (medium-term); and
- Rising sea levels adversely impact operations in coastal areas. Significant operations associated with the Cement and Lime division are situated in coastal locations (long-term).

Climate change risks have the potential to increase costs that are not recoverable in the markets due to competitive pressures. For example, where these costs are not imposed evenly on all participants, such as in a scenario where there is a lack of global co-ordination for a price on carbon.

The Group seeks to manage climate change risk through improved efficiency of production processes, switching fuels to low-emissions fuels including the use of biomass, and leveraging the use of clinker substitutes. The Group is also investing in development of non-clinker-based substitute products.

Opportunities presented by climate change include:

- Development of low-cost energy sources as waste streams are diverted from landfill. Adelaide Brighton is an active participant in the use of alternate fuels, with Refuse Derived Fuel replacing circa 26% of energy used at the Birkenhead cement plant; and
- Participation in the transition to lower emissions intensive construction materials that displace competing products.

A move to lower emissions products has improved the conversion of waste streams being converted either into cost competitive sources of inputs into the production of construction materials or as an energy source.

We participate in industry associations (Cement Industry Federation (CIF); Cement, Concrete & Aggregates Australia (CCAA); and Manufacturing Australia (MA)) and a member of the Carbon Market Institute, which provide a forum for discussions on climate and industry changes. In addition, key Adelaide Brighton Management are actively engaged with Australian regulatory bodies, monitoring Australian and international climate change developments.

The 2018 International Energy Authority (IEA) roadmap for low carbon transition in the cement industry outlined three key actions for all stakeholders to 2030:

IEA KEY ACTIONS	ADELAIDE BRIGHTON ACTIONS
Create an enabling level playing field - development of a stable and effective international price on carbon.	Adelaide Brighton, through its membership of industry associations, engage with all levels of government to promote actions in line with the IEA roadmap. This includes development of climate change policy to meet Australia's international commitments, participation with relevant regulatory bodies to change standards to facilitate improved emissions-intensity for construction materials, and promotion of alternate fuels.
Putting technological change in action - implementation of state-of-the-art technologies and sharing operating best practices, governments to develop legislation that supports use of low carbon fuels, support risk-mitigating mechanisms for development of new technologies and promote flexibility in energy systems.	Key actions by the Group, either directly or through its joint ventures, have already improved the carbon intensity of products through: <ul style="list-style-type: none"> Utilisation of low carbon fuels - expanding the use of Refuse Derived Fuel at the Birkenhead cement plant, and sourcing electricity from a renewables generator for circa 55% of the Group's requirements; and Decreasing the use of clinker-based cementitious products - supplementary cementitious materials are used by Adelaide Brighton. The Group has equipment to process slag, a by-product from the steel industry, in all Australian mainland metro markets.
Facilitating uptake of sustainable products - governments ensuring regulation and standards are in place to enable greater use of cementitious constituents that lower the clinker content of cement.	

SUSTAINABILITY REPORT

Adelaide Brighton is undertaking scenario analysis as part of its 2020 work stream, with the aim of providing further details on the potential impact of climate change risks in its 2020 Sustainability Report.

Risk management

Adelaide Brighton operates a risk management framework, which includes reporting of strategic risks to the Board's Audit, Risk and Compliance Committee. In addition, specific risks associated with sustainability, including climate change, are included in the SHEC Committee agenda.

The risk framework categorises risks by reviewing the likelihood, impact, timing and mitigations in place to come to an overall assessment that allows determination of the overall significance of risks. In making this assessment, current and potential changes to the regulatory requirements for climate change are taken into consideration.

Testing for impairment for financial reporting in both 2018 and 2019 has incorporated a carbon price of AU\$25, testing the Group's resilience to a basic scenario of a price on carbon. No impairment was required in either year under a \$25 carbon price scenario.

Metrics

In addition to the KPIs outlined on page 25, we also monitor the following metrics:

	2019	2018	% CHANGE
Total CO₂-e emissions by product¹			
Cement ¹	1,129	1,087	3.9
Lime ¹	1,174	1,205	(2.6)
Other ¹	84	86	(2.3)
Emission intensity by product²			
Cement ³	0.68	0.69	(1.4)
Lime	1.06	1.10	(3.6)

1 Thousand tonnes CO₂-e

2 Tonnes CO₂-e /tonne

3 Emissions intensity of cement from locally produced clinker

Adelaide Brighton's progress compared to the IEA key indicators

	IEA 2°C SCENARIO LOW-VARIABILITY CASE		ADELAIDE BRIGHTON
	2014	2030	2019
Clinker to cement ratio	0.65	0.64	0.79
Thermal efficiency – GJ/t clinker	3.5	3.3	4.8
Electricity intensity – kWh/t cement	91	87	119
Alternate fuel usage [% of thermal energy] ¹	5.6	17.5	25
Direct CO ₂ intensity of cement – tCO ₂ -e/t cement]	0.54	0.52	0.68

1 Integrated clinker/cement facilities

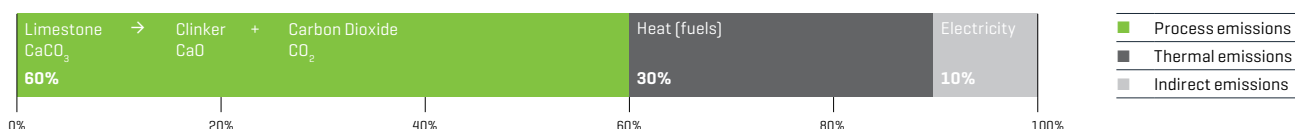
Environmental performance

As a producer of heavy construction materials and lime, Adelaide Brighton emits greenhouse gases as part of its operations. Emissions are primarily generated by the production of clinker, an intermediary product in the production of Portland cement, and lime. The production process for clinker and lime are similar, with a carbonate source of limestone heated in a kiln to high temperature, resulting in both process and thermal emissions. However, we are striving to reduce the amount of process and thermal emission production of cement with the addition of carbon-neutral substitutes.

To progressively reduce our emissions, we have set a 7% carbon emission reduction target over the next five years. We will continue to monitor and review our targets in line with technological advancements and community expectations. The Group's strategy of continuous improvement has resulted in a reduction in GHG emissions over a sustained period. While overall GHG emissions (scope 1 and scope 2) increased 0.4% in FY19 from FY18, they have reduced 13% over the five years from FY14 and 25% in the ten years since FY09.

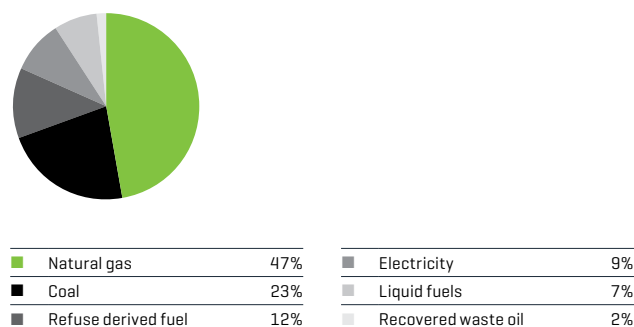
In addition to the incremental efficiency improvements, the Group's production footprint has changed over a number of years, as a result of closing low-efficiency clinker production facilities and concentrating production at more energy-efficient sites.

GHG EMISSIONS PROFILE OF THE AUSTRALIAN CEMENT INDUSTRY 2018 - 2019



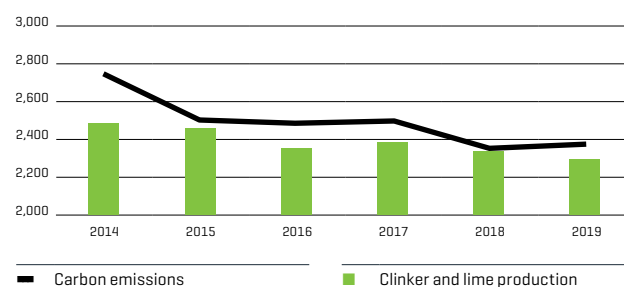
Source: CIF Survey

ENERGY BY SOURCE



TOTAL GROUP CARBON EMISSIONS¹

000 TONNES



1 For year ended 30 June, scope 1 and scope 2

An investment in a second firing line for the use of refuse derived fuel (primarily wood waste) as an energy source at the Birkenhead plant in 2015 has led to ongoing reductions in emissions due to its lower emissions profile. The use of refuse derived fuel has increased 42% over the last five years, with alternate fuels now supplying 14% of ABL's total energy consumption.

While not captured in these emission reduction figures, the Group has also continued an electricity supply agreement with a renewables generator for the provision of electricity to our South Australian sites.

Our efforts in waste management have improved our emissions and waste to landfill performance. We are focused on continuing with our current waste management initiatives and identifying new opportunities. We are aiming to drive circular economy thinking and to contribute towards circular economy practices. Some examples of this include:

- An upgraded packer recycling system and debagger at our Kwinana site, where all changeover product and off-specification cement is recycled and blended back into the final product, eliminating wastage and materials sent to landfill; and
- Recycling of damaged concrete products, crushing materials for reuse and diverting product that would have been disposed to landfill.

We acknowledge that it is important that we monitor and manage our environmental impacts to minimise our environmental footprint. We are pleased to report that we have not had any reportable environmental incidents in 2019 and will continue to monitor environmental incidents, environmental near misses and hazards.

In 2019, we planned and committed to upgrading our environmental management software to include an improved on-line module for managing environmental obligations compliance, improving environmental monitoring, emission data and reporting. The modules for development and implementation are:

- Obligations Management;
- Environmental Management (including Aspects and Impacts Register); and
- Emissions Monitoring Data.

PEOPLE

Health and safety performance

Our focus is on ensuring that all our people, contractors and site visitors go home safely at the end of every day. We regularly monitor our safety performance.

Our TRIFR at December 2019 was 16.2, compared to 25.5 at December 2018. Our focus across all Divisions has been the reduction of injuries across all recordable types – lost time, restricted duties and medically treated injuries, resulting in a TRIFR reduction of 29% in our Cement and Lime Division, 34% reduction in our Concrete and Aggregates Division and 47% reduction in our Concrete Products Division.

Our LTIFR at December 2019 was 2.5 compared to 1.7 at December 2018. The increase in LTIFR resulted from nine lost time injuries sustained in our Concrete and Aggregates Division, and three lost time injuries sustained in our Concrete Products Division. Our Cement and Lime Division recorded a 68% reduction in LTIFR in 2019.

Our sustained focus on key areas of risk shapes the design of our injury prevention programs and is driving sustainable improvements in reducing harm to our people.

A sustained high volume of reporting of leading safety indicators, such as safety hazards, near misses and high potential incidents from 4,131 in 2018 and 3,985 in 2019, is an indication that a culture of safety is embedded across the Group.

CASE STUDY

1 MILLION TONNES OF FUEL FROM WASTE

Adelaide Brighton recently celebrated the use of 1,000,000 tonnes of Refuse Derived Fuel (RDF) at its Birkenhead cement plant. RDF has helped reduce the Group's greenhouse gas emissions, diverting approximately 200,000 tonnes of waste from landfill each year, as well as reduce the use of natural gas by 25%. Adelaide Brighton was also awarded the Premier's Mining & Energy Award for Innovation in Environmental Management for its alternative fuels program.



CASE STUDY

PLASTIC RECYCLING

In 2019 we installed a bailer at our Moorebank site to ensure all plastic pallet wrapping and shrink wrap is recycled rather than sent to landfill. The site identified that a significant percentage of its landfill waste was plastic, and successfully applied for a rebate under the NSW government "Bin Trim" scheme. Now when plastic waste is generated, it is bailed, collected from site, and recycled. This project will prevent approximately 70 bins, or 5.6 tonnes, of plastic per year going to landfill.

CASE STUDY

CIRCULAR ECONOMY FOR CEMENT KILN DUST

Adelaide Brighton has long sought opportunities for reusing one of the waste products formed when manufacturing cement – Cement Kiln Dust (CKD) – back into the production process, or to find alternative uses other than disposal to landfill. This has proved successful for our Birkenhead facility this year. Since June, the Birkenhead facility has found reuse opportunities for 100% of the CKD the site has produced.



CASE STUDY

SOLAR ARRAY IN TOWNSVILLE

Our concrete products site in Townsville completed the installation of a 100kW solar array in October 2019. The system supplies 52% of the Townsville site's electricity consumption. We are currently working on another 900kW of projects to bring our total to 1MW of solar in 2020.

CASE STUDY

SCHOOL TREE PLANTING DAYS, MUNSTER

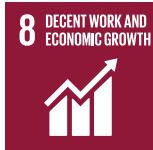
Annual tree planting days are held with local primary schools in the areas surrounding the Munster plant. This year, the Munster operations team hosted 55 students from the local South Coogee Primary School for a tree planting excursion. The students planted hundreds of native plants and shrubs on site to revegetate a cleared area near the boundary of the plant.

Revegetation of our quarries is one way we can achieve the plant's land improvement goals to provide beautification and dust minimisation benefits to the area surrounding our operations. Through our partnership with wildlife rescue organisation Native Arc, the students were also provided with the opportunity to meet some native animals up close and gain an insight into the importance of native planting for the habitats of our native wildlife.



Proactive reporting and shared learnings are being supported by a refreshed monthly employee dashboard distributed across the Group, showcasing 'what good looks like'. This is where we provide examples of good practice and learnings across the business.

Safety is not just about processes and procedures within a business, it is a culture. We have continued to invest in our safety development to deliver further improvements in our performance. In 2019, we rolled out a Safety 'Step Change' Program, contributing to the UN SDG #8. Our new health and safety vision of "Work Safe, Home Safe" aims to connect to the emotional motive for staying safe at work, and resonates with workers who responded overwhelmingly in our 2018 survey that "going home to loved ones" was the number one reason for staying safe at work.



Accompanying the launch of "Work Safe, Home Safe" was our Critical Risk Program and Life Saving Rules. The Critical Risk Program focuses on six critical risks, common across the Group. The Life Saving Rules are a series of 10 rules that all employees must follow. The Critical Risk Program and Life Saving Rules have also been rolled out in 2019 across all sites.

Diversity and inclusion

Our Diversity Policy was established in 2011 with a focus on removing barriers to enable equal opportunity employment at Adelaide Brighton. In 2019, we have undertaken a holistic review of the Diversity Policy, incorporating the amendments to the ASX Corporate Governance Principles and Recommendation [4th Edition, 2019] and further articulating our vision to 2025 to inspire our employees and the next generation of talent to work with us at Adelaide Brighton, where our inclusive workplace culture embraces difference and thrives. We have prioritised five focus areas, being culture, communication, capability, connection and community and developed detailed action plans for each of the areas articulating target outcomes, actions to achieve the outcomes, responsibilities and timeframes.

In recognition of the low numbers of females entering our engineering and manufacturing vocations and to increase the diversity of our workforce, we have implemented the following initiatives:

- Uploaded online videos showcasing our female employees on the job;
- Implemented programs designed to engage graduate engineers;
- Offered undergraduate scholarship opportunities and sponsored vacation work programs to engage students who are entering tertiary education to consider engineering as a career option; and
- Offered opportunities for secondary school students to become aware of diverse career opportunities within our industry.

These initiatives have resulted in 20% of new hires being female, increasing our female employment population to 15%. We have also increased our representation of female Non-executive Directors from 29% to 43%, further illustrating our commitment to diversity and inclusion.

In 2019, we have developed our inaugural Reflect Reconciliation Action Plan [RAP]. Adelaide Brighton continues to invest in Australian communities, creating strong futures for our employees while helping cities and towns prosper. Our employees come from many different backgrounds and cultures, embracing difference is key to our continued growth and success.

CASE STUDY

VISIBLE LEADERSHIP

Visible leadership is a process implemented across the Group's operations in 2019, where senior leaders actively engage in open safety conversations – across all aspects of operations, and in the office. Outcomes of visible leadership observations include an increased appreciation of the nature of the hazards and risks within operations; and how we best address them, as well as positive recognition to staff on safe behaviours and attitudes.



CASE STUDY

PROFESSIONAL DRIVER SAFETY WORKSHOPS

Professional Driver Safety Workshops were conducted across our Concrete and Aggregate driving operations, and attended by more than 600 truck drivers with the goal of engaging in a safety conversation with drivers:

- What it means to be a professional driver [skills, responsible conduct and driving behaviours]
- Understanding the challenges drivers face on the roads
- Heavy vehicle safety
- The mindset that professional drivers must have every day to be safe on the roads

The workshops generated positive engagement and discussions, as well as personal commitments to support safe driving.

CASE STUDY

SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) FOR GIRLS PROGRAM, BIRKENHEAD

The Adelaide Brighton team at Birkenhead hosted 30 female year 11 students as part of the University of Adelaide's STEM for GIRLS Program. The visit is part of the broader STEM Girls program and aims to showcase some of South Australia's STEM industries and introduce students to women [and men] who work for these companies. Girls visit at least three sites to view the industry's practices, processes and learn about career opportunities.

The Reflect RAP forms part of Adelaide Brighton's Diversity and Inclusion Strategy and helps foster a culture where we embrace difference. The Executive and RAP Working Group believe that we can make a positive difference to Aboriginal and Torres Strait Islander people by focusing on areas such as employment, education, empowerment and economic development, while enhancing the understanding of the Indigenous culture.

Adelaide Brighton's Reflect RAP supports the three pillars of reconciliation which includes relationships, respect and opportunities. This is the beginning of our reconciliation process and will be continually refined through consultation as we continue to progress our reconciliation journey.

The Group provides employees and their families with a free and confidential counselling service through our Employee Assistance Program (EAP) to help employees meet life challenges and remain healthy, engaged and productive.

Our annualised utilisation rate of the EAP for 2019 is 5.2% which is higher than the industry benchmark of 3.2%. The EAP is promoted at all our work sites to enable greater awareness and support for employees' wellbeing.

As an extension to EAP, the Group advocates and supports active participation in R U OK? Day, a national day of action in September each year dedicated to reminding people to ask family, friends and colleagues the question "R U OK?", in a meaningful way. Mental Health Awareness Training has been rolled out across the Group in addition to Mental Health First Aider accreditation from Mental Health First Aid Australia.

Employee engagement

In 2018, more than 80% of our workforce completed the bi-annual employee survey. More than 80% of the employees that responded are proud to work for Adelaide Brighton and 76% would recommend the Company as a great place to work. 79% are comfortable voicing their ideas and opinions, even if they are different from others. In 2019, we have conducted listening sessions with hundreds of employees from across the Group. The feedback from these sessions informed the Diversity and Inclusion Strategy 2020 to 2025.

COMMUNITIES

Community engagement

Adelaide Brighton is committed to being a socially responsible member of the communities in which we operate. Engagement with, and keeping the local community informed on the operations of our plants is an important element of our day-to-day operations.

At our Munster plant in Western Australia, we have created a communication program which includes a dedicated community website, a 24/7 community feedback telephone service, newsletters, and a range of fact sheets and short videos, as well as regular community meetings with key stakeholders. We continue to improve our dust management, with the installation of five new solar powered ambient air monitoring stations in 2019 at the site to supplement the existing network, providing early alerts to allow management of on-site activities to prevent off-site dust impact. The site also sealed 140 metres of road with concrete to reduce fugitive dust.

CASE STUDY

iWOMEN PROGRAM, MUNSTER

We partnered with the Kwinana Industries Council (KIC) in the 2019 KIC iWOMEN Program. The iWOMEN Project is a unique program for the local region that provides an insight into our industry for potential future employees. In 2019, the program included a tour of the Munster and Kwinana facilities, along with a tree planting exercise as part of a quarry regeneration program. Thirty-five female year 10 students representing 16 local secondary schools completed the program.



Adelaide Brighton holds quarterly community liaison group meetings for its Birkenhead cement plant in South Australia, to engage and inform the local community. The site has a network of air quality monitors in the local community and in the plant, designed to provide early alerts and intervention to reduce offsite fugitive dust. Live dust monitoring is reported on the Adelaide Brighton Cement Community website [available online]. If air quality limits are exceeded, the site conducts an investigation and publishes a report within 48 hours on the website.

In addition, the site consulted with the local community to develop a three-year environmental improvement program to manage noise and dust impacts, coming up with 16 improvement projects in total. The site has also planted 600 native tree seedlings for "Trees for Life" and 150 native shrubs to improve the visual amenity of the site.

To better understand our local communities, we also encourage and monitor community enquiries and grievances, recording and responding to the communications we receive.

Community investment

Through our community support program, we aim to make a valued and sustainable contribution to the communities in which we operate by investing in programs at local schools, sporting clubs, care agencies and community services, as well as higher education support. We continue to invest in community initiatives, including being a key sponsor of the Variety South Australia Moto Run since 2009.

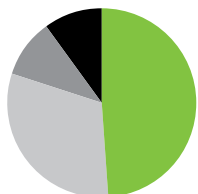
In addition, Adelaide Brighton Cement was once again proud to partner with Little Athletics South Australia as the major sponsor of the State Personal Best Classic Carnival in November 2019.

In July 2019 at the South Australian Cement Concrete and Aggregates Australia Awards, Adelaide Brighton Cement was awarded the winner for both the:

- Environmental Innovation Award for its Alternative Fuels Program-Refused Derived Fuel; and
- Diversity and Inclusion Award for its Adelaide Brighton Cement University of Adelaide Chemical Engineering Scholarships for female students' program.

In August 2019 at the Western Australian Cement Concrete and Aggregates Australia Awards, Cockburn Cement was awarded the community engagement award for its series of educational videos on air quality.

COMMUNITY INVESTMENT SPEND BY FOCUS AREA



Health and wellbeing	49%
Education	31%
Community and environment	10%
Industry	10%

CASE STUDY

ADELAIDE BRIGHTON ASSISTED WITH THE SUPPLY OF CONCRETE TO SUPPORT COMMUNITY INITIATIVES

We assisted with the supply of concrete to these organisations.

Daniel Morcombe House: Has been set up and has councillors on hand to help children who have been mistreated in life. Bruce and Denise Morcombe visit schools throughout Queensland teaching children about stranger danger.

Men's Sheds: These centres are set up around the Sunshine Coast for men to go to for different activities such as wood working and companionship.

Kawana Dolphins Rugby League Club: We've supported this club for many years as it is a local club on the Sunshine Coast and is also supported by many of our customers.



CASE STUDY

BUTTERFLY PROGRAM SPONSORSHIP

The Butterfly project was established with funding by the City of Cockburn's Environmental Education Grant and Adelaide Brighton's donation of native butterfly-host plants and financial sponsorship. Primary schools in the Cities of Cockburn and Fremantle have come together to deliver a local Butterfly Garden Project. Each participating school will plant a butterfly-host garden to create a habitat corridor for native butterfly species. The aim of the Butterfly Garden Project is two-fold: to make available practical STEM-based learning opportunities for students; while boosting native butterfly numbers within the Cities of Cockburn and Fremantle. The project now boasts 13 participating local schools.



CASE STUDY

GREEN AND GOLDEN BELL FROGS

Our Port Kembla clinker grinding facility has an endangered frog species on-site. The Green and Golden Bell Frog (*Litoria aurea*) is native to eastern NSW and due to the dwindling numbers is listed as endangered. Since 2011, with the help of environmental consultant Chris Wade, we have maintained two ponds and a habitat area on-site, as per the Green and Golden Bell Frogs Management Plan [2013]. This habitat consists of two clay-lined frog ponds with natural vegetation provided and maintained by a horticulturalist that is ideal for these frogs. Chris holds a scientific licence, which allows him to regularly monitor the population, and provide advice in relation to management practices for the frogs. On behalf of Adelaide Brighton, Chris submits annual reports on the colony to National Parks and Wildlife and the Office of Environment and Heritage.



HEALTH AND SAFETY

AT ADELAIDE BRIGHTON WE ARE PASSIONATE ABOUT PROVIDING THE SAFEST WORKING ENVIRONMENT. "WORK SAFE, HOME SAFE" IS WHAT EVERYBODY EXPECTS. WE ALL COME TO WORK WANTING TO DO OUR JOBS SAFELY AND GO HOME EACH DAY TO OUR FAMILY AND FRIENDS.

TOTAL RECORDABLE INJURY FREQUENCY RATE

Adelaide Brighton's Total Recordable Injury Frequency Rate (TRIFR) at December 2019 was 16.2, compared to 25.5 at December 2018. Our focus across the Group has been the reduction of injuries across all recordable types – lost time, restricted duties and medically treated injuries, resulting in a TRIFR reduction of 29% in our Cement and Lime Division, 34% reduction in our Concrete and Aggregates Division and 47% reduction in our Concrete Products Division.

These results demonstrate that our sustained focus on key areas of risk, that shapes the design of our injury prevention programs, is driving sustainable improvements in reducing harm to our people.

LOST TIME INJURY FREQUENCY RATE

Adelaide Brighton's Lost Time Injury Frequency Rate (LTIFR) at December 2019 was 2.5 compared to 1.7 at December 2018. The increase in LTIFR resulted from nine lost time injuries sustained in our Concrete and Aggregates Division, and three lost time injuries sustained in our Concrete Products Division. Our Cement and Lime Division recorded a 68% reduction in LTIFR in 2019.

SAFETY NEAR MISS AND HAZARDS

The proactive reporting of safety near misses and hazards have been, and will continue to be, a key driver to our safety culture where risks are managed, and injuries and incidents are prevented. Proactive reporting and shared learnings, showcasing safety innovation 'what good looks like', is communicated across the Group, to strengthen the effectiveness of safety and health activities and management of our critical risks.

SAFETY STEP CHANGE

In 2019, we continued to invest in safety to deliver further improvements in our performance through the roll out of our Safety 'Step Change' Program. This program saw the introduction of our new health and safety vision of "Work Safe, Home Safe", which aims to connect to the emotional motive for staying safe at work, and resonates with workers who responded overwhelmingly in our 2018 employee survey that "going home to loved ones" was the number one reason for staying safe at work.

Endorsed and delivered by the Executive Management team, the Safety 'Step Change' Program focuses on four key areas including:

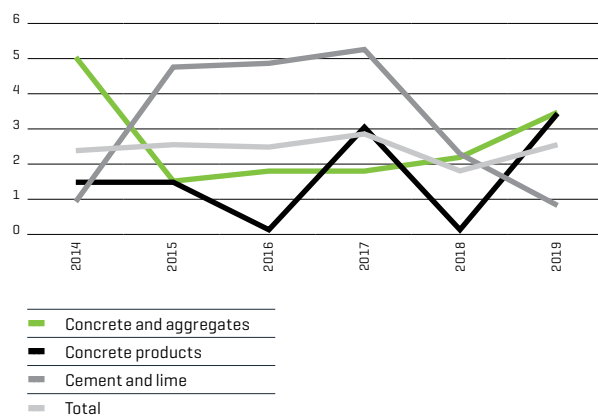
- critical risk management;
- musculoskeletal stress;
- transport; and
- visible leadership.

Critical risk management involves increasing our learnings from our strong reporting culture to understand how to investigate incidents to find the cause, share the lessons learnt and to know what is expected when undertaking critical risk activities. Accompanying the launch of "Work Safe, Home Safe" was our Critical Risk Program highlighting six critical risks, common across the Group. For each of these critical risks, we identified critical controls that must be in place before work commences.

In addition, we introduced Life Saving Rules that are designed to keep people safe. They eliminate some of the most significant risks, and help achieve our safety objective of "Work Safe, Home Safe". These are not optional rules, they are rules expected to be followed by all our employees, contractors and visitors at all times on our sites.

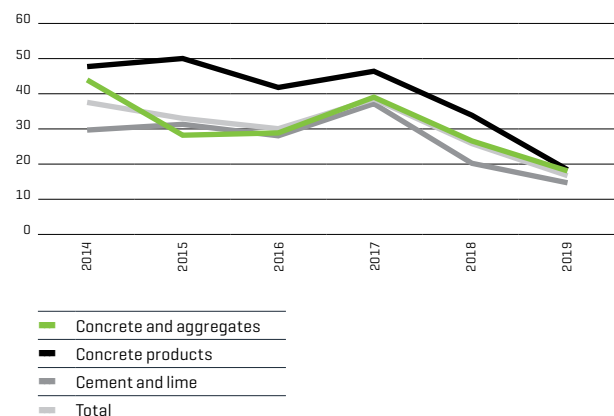
LOST TIME INJURY FREQUENCY RATE (LTIFR)

Total lost time injuries per million hours worked



TOTAL REPORTABLE INJURY FREQUENCY RATE (TRIFR)

Total recorded injuries per million hours worked



“ WE CONTINUED TO INVEST IN SAFETY TO DELIVER FURTHER IMPROVEMENTS IN OUR PERFORMANCE THROUGH THE ROLL OUT OF OUR SAFETY 'STEP CHANGE' PROGRAM.

Another key area is **musculoskeletal stress**, the most common cause of injuries to our people. In 2019, a review was undertaken of job tasks and job dictionaries were developed for high-risk tasks. This was supported by a review of internal processes to improve case management and strategic oversight of the provision of health and wellbeing services.

The key focus area of **transport** included a review of our transport operations to further encourage safe driving behaviours. In 2019, Professional Driver Safety Workshops were conducted across our Concrete and Aggregates operations and attended by more than 600 truck drivers. The goal of the workshops is to engage in a conversation with our drivers about what it means to be a professional driver, including the skills required, responsible conduct and demonstrating driving behaviours.

600+ TRUCK DRIVERS ATTENDED PROFESSIONAL DRIVER SAFETY WORKSHOPS CONDUCTED ACROSS OUR CONCRETE AND AGGREGATES OPERATIONS.

The purpose of **visible leadership** is to reinforce positive safety behaviours through open, unthreatening and respectful conversations so we all go home safe every day. In 2019, the visible leadership process was implemented across the Group, where senior leaders actively engage in open safety conversations across all operations. Outcomes of visible leadership conversations include an increased appreciation of the nature of the hazards and risks within operations, how we best address them, as well as positive recognition to staff on safe behaviours and attitudes.

WELLBEING

Adelaide Brighton provides employees and their families with a free and confidential counselling service through our Employee Assistance Program (EAP) to assist employees to meet life challenges and remain healthy, engaged and productive.

Our annualised utilisation rate of these services as at December 2019 is 5.2% which is higher than the industry benchmark of 3.2%. The EAP is promoted at all our work sites, reinforced through active participation in R U OK? Day, a national day of action in September each year dedicated to reminding people to ask family, friends and colleagues the question “R U OK?”.

To support our employees to develop the skills to identify and assist a friend, family member or co-worker who may be experiencing issues with their mental health, Mental Health First Aid Accreditation (two day) and Mental Health Awareness (one day) training has been offered to all frontline leaders, Human Resources and Health, Safety and Environment staff. 10 employees are now accredited in Mental Health First Aid and over 100 employees have attended Mental Health Awareness training.

To further support the Safety ‘Step Change’ Program, Adelaide Brighton has piloted an early intervention injury management service for employees, ensuring workers have access to the most appropriate and timely medical advice, information and treatment in the workplace. The program provides a nurse triage service 24 hours a day seven days a week, visits to a general practitioner, physiotherapist, x-rays and basic ultrasounds for diagnostic purposes. This pilot program aims at delivering quality workplace medical services to reduce the impact of injury and illness in our workplaces.

YOU CAN SAVE A LIFE. FOLLOW OUR LIFE SAVING RULES.

Simple do's and don'ts that everyone must follow on our sites.

 <p>I will wear the required PPE</p>	 <p>I will report all hazards and incidents immediately</p>
 <p>I will drive to the conditions and comply with all road rules</p>	 <p>I will be drug and alcohol free at work</p>
 <p>I will only perform work for which I am trained, competent and authorised</p>	 <p>I will not enter exclusion zones unless authorised</p>
 <p>I will have the required isolations in place and verified before work starts</p>	 <p>I will not alter, modify or bypass safety devices</p>
 <p>I will only work at height with fall protection in place</p>	 <p>I will have all controls in place before entering a confined space</p>

WORK SAFE, HOME SAFE



PEOPLE AND DIVERSITY

OUR EMPLOYEES COME FROM MANY DIFFERENT BACKGROUNDS AND CULTURES, EMBRACING DIFFERENCE IS KEY TO OUR CONTINUED GROWTH AND SUCCESS. IT IS CRITICAL THAT WE HAVE AN INCLUSIVE WORKPLACE AT ALL LEVELS OF THE ORGANISATION REGARDLESS OF GENDER, MARITAL OR FAMILY STATUS, SEXUAL ORIENTATION, GENDER IDENTITY, AGE, DISABILITY, ETHNICITY, RELIGIOUS BELIEFS, CULTURAL BACKGROUND, SOCIO-ECONOMIC BACKGROUND, PERSPECTIVE AND EXPERIENCE. CREATING A CULTURE THAT EMBRACES DIFFERENCE AND IS INCLUSIVE OF EVERYONE WILL ENSURE ADELAIDE BRIGHTON CONTINUES TO BE A GREAT PLACE FOR EVERYONE TO WORK.

INVESTING IN OUR FUTURE

In 2019, we continued to invest in our people and our future by providing learning and development opportunities, maintaining and renewing technical knowledge and increasing the overall capability and enterprise skills of the Group. The opportunities included enabling innovation, cross-divisional networking and collaboration, strengthening inclusiveness and diversity and visible leadership.

GRADUATE PROGRAM

The 2020 Adelaide Brighton Graduate Program will commence with an induction program that includes a facilitated mentoring workshop with graduates and their appointed Adelaide Brighton mentors. This investment in future talent, to support a sustainable growth strategy, includes sourcing expertise in multiple technical fields including process engineering, chemical engineering, health, safety and environment, and control systems engineering. Graduate positions include process engineer, chemical engineer, HSE and control systems. First rotation locations are across Australia and include; Staphylton in Queensland, Birkenhead in South Australia and Munster in Western Australia.

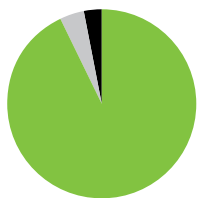
FRONTLINE LEADERSHIP

Our frontline leaders participate in management training, developing essential skills and knowledge to enable them to lead their teams to sustained, improved business performance. The blended coaching model is an effective way for our managers to learn and practice new skills. Participation in this program has resulted in frontline managers willing to have difficult conversations, coach and develop others, create inclusive and collaborative work environments and build engagement with their teams.

READY TO EXCEL

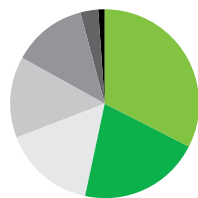
In 2019, we launched the Ready to Excel Program to create a national network of highly skilled leaders who are connected and 'Ready to Excel'. The 12-month program is highly experiential, with participants being asked to solve complex problems, business and operational challenges. Participants are given opportunities to expand their Adelaide Brighton knowledge and network by developing relationships with participants from around the Group, including exposure to senior leaders and involvement in workshops across different states and sites.

EMPLOYMENT BY
EMPLOYMENT STATUS



Full-time	93%
Casual	4%
Part-time	3%

EMPLOYMENT BY
GEOGRAPHY



South Australia	33%
New South Wales	20%
Queensland	16%
Western Australia	14%
Victoria	13%
Northern Territory	3%
Tasmania	1%

% EMPLOYEES ON
EBA VS STAFF



EBA	60%
Staff	40%

SUSTAINABILITY REPORT - PEOPLE AND DIVERSITY

A key component of the program is the action learning project, where participants are placed in project teams sponsored by a member of the Executive team. The projects are derived from Adelaide Brighton's Sustainability Framework and will focus on delivering the strategic goals; sustainable and responsible business practices and engaged people and communities.

HIRING MANAGERS

Recruitment is a key activity in the support of our inclusive and diverse workforce. Creating awareness and building the capability of our hiring managers has been the objective of the launch of an on-line training module 'Licence to Recruit' and the delivery of workshops to build awareness of unconscious bias in the recruitment process.

LEADERSHIP

To deliver Adelaide Brighton's business priorities, key leadership talent priorities have been identified and form the foundation of development programs, succession planning, talent reviews and career opportunities. The priorities include:

- Inclusive leadership – we build understanding and accountability for leaders to demonstrate inclusiveness, adapting their leadership style to obtain maximum contribution from all employees;
- Building capability and retaining company knowledge – we continue to monitor and invest in development plans for successors and future leaders, and we provide opportunities for mentoring, secondments and cross-divisional networking and collaboration;

- Engagement – we ensure appropriate strategies are in place to enable an engaged workforce to encourage discretionary effort, and to continue to improve employee engagement; and
- Visible leadership – we ensure our leaders understand the value of safety to our business and model behaviours that communicate their understanding of 'safety as a value' to our people, and that day-to-day communications and decisions reinforce 'Work Safe, Home Safe'.

DIVERSITY AND INCLUSION

In 2019, a holistic review of Adelaide Brighton's Diversity and Inclusion Policy was undertaken. This included a thorough consultation process to understand first-hand from our employees their experience of working at Adelaide Brighton and how inclusive we are.

- The EGM Human Resources & Health, Safety and Environment is a member of the Cement Concrete & Aggregates Australia [CCAA] Diversity Committee and participated in the development of the CCAA Diversity and Inclusion Plan to ensure we align with the industry approach to Diversity and Inclusion, and that we are involved in the solution at an industry level.
- Listening Sessions were conducted across the Group to hear from employees about their experience of working at Adelaide Brighton and how well we are doing at being inclusive and what we could do better.
- An Executive Diversity and Inclusion Steering Committee has been established and a number of workshops were conducted with the Committee.



**OUR CEO, NICK MILLER
INSPIRING FUTURE LEADERS**



IN 2019, WE CONTINUED TO INVEST IN OUR PEOPLE BY PROVIDING LEARNING AND DEVELOPMENT OPPORTUNITIES, RENEWING TECHNICAL KNOWLEDGE AND INCREASING THE OVERALL CAPABILITY AND ENTERPRISE SKILLS OF THE GROUP.

- A Diversity and Inclusion session was facilitated at the Adelaide Brighton Management Conference with our top 90 leaders, including leaders from our joint ventures.
- Secondary Listening Sessions were conducted across the Group followed by workshops with our Committee to feed back our renewed strategy and engage in further consultation to ensure our strategy was in line with our employees' expectations.

A Strategy built by the people of Adelaide Brighton for the people of Adelaide Brighton. The Diversity and Inclusion Strategy 2020 – 2025 is the result of what we heard, combined with best practice research. It sets out how we invest in our future.

Our vision is that the next generation of talent will aspire to work with us at Adelaide Brighton, where our inclusive workplace culture embraces difference and thrives.

Key focus areas were established to enable the vision including culture, communication, capability, connection and community. Each focus area has a detailed action plan consisting of the target outcomes, the actions to achieve the outcomes, who is responsible, and a timeframe for delivery.

RECONCILIATION ACTION PLAN (RAP)

In 2019, Adelaide Brighton developed its first Reconciliation Action Plan (RAP).

The development of this RAP will help us further develop Adelaide Brighton's relationships with Aboriginal and Torres Strait Islander people and create other meaningful opportunities for their contribution. A RAP Working Group has been established and our Reflect RAP has been endorsed by Reconciliation Australia.

For many years we have been building relationships with Aboriginal and Torres Strait Islander people through various programs such as helping Indigenous law students transition from graduates to legal practitioners, St Peter's College secondary school Indigenous student sponsorship and support of the Aurora Education Foundation.

WELLBEING

As part of being an inclusive workplace, we want to support the mental health of our employees to create a more engaged and productive workforce. Aligned with this, and building on our company-wide "R U Ok?" initiatives, a key wellbeing focus has been upskilling our employees in mental health and ensuring they have an understanding of where they are able to access support should they require it. This training in mental health awareness also provides employees with improved skills to start conversations with other workers who may require support. In addition to the employees who have participated in this training, ten employees have been accredited as Mental Health First Aiders with Mental Health First Aid Australia.

Adelaide Brighton invited Ross Jones – Ambassador, Mentally Healthy Workplaces, for SafeWork NSW – to the 2019 Management Conference, to deliver a session reinforcing the importance of this mental health awareness training and the multitude of organisational benefits that are associated with having a mentally healthy workplace.

Our Employee Assistance Program (EAP) provides employees with practical support in dealing with mental health issues when required. The intensified promotion of this program during 2019, has seen an increase in employees accessing this service for mental health related matters.

DIVERSITY REPORT

ADELAIDE BRIGHTON IS COMMITTED TO PROVIDING AN INCLUSIVE WORKPLACE THAT VALUES AND PROMOTES DIVERSITY OF SKILLS, EXPERIENCE AND CULTURAL BACKGROUND.

We recognise that an inclusive culture enables us to attract and retain the best people with the appropriate skills to contribute to the continuing success of our business. Our Diversity and Inclusion Policy outlines seven core objectives which form the foundations of our approach to diversity and upon which we measure our performance in this area. An overview of these objectives, and our progress towards achieving these objectives during the 2019 financial year are set out below.

In addition to progress against these specific objectives, the People and Culture Committee updated the Committee's charter and approved the launch of our Diversity and Inclusion Strategy 2020 to 2025. By 2025, our vision is that the next generation of talent will aspire to work with us at Adelaide Brighton, where our inclusive workplace culture thrives on diversity. To achieve this, we have listened to our people to understand what is working well and where we can improve. Our Diversity and Inclusion Strategy takes into consideration this feedback and is our roadmap to creating a culture that embraces difference and is inclusive of everyone.

OBJECTIVES	DIVERSITY MEASURES TO FACILITATE ACHIEVEMENT OF OBJECTIVES	PROGRESS
To promote a culture of diversity and inclusion.	<ul style="list-style-type: none"> Review our diversity policy, deployment of the plan and progress towards achieving the objectives. Conduct listening sessions across the Group to obtain employee feedback. Develop a vision and five-year strategy to progress a culture that embraces difference and is inclusive of everyone to be approved by the People and Culture Committee. 	<ul style="list-style-type: none"> The People and Culture Committee discussed the Company's diversity measures and reviewed progress towards achieving the objectives. The Committee approved the Diversity and Inclusion vision and strategy 2020 to 2025 to continue to create an inclusive culture that embraces difference. In addition, our inaugural Reflection Reconciliation Action Plan was endorsed by Reconciliation Australia.
	<ul style="list-style-type: none"> Proactively engage with industry to enhance inclusion and increase diversity. 	<ul style="list-style-type: none"> As a member of Cement Concrete & Aggregates Australia (CCAA) and their Diversity Working Group, contributed to the development of the CCAA Diversity and Inclusion Plan to foster an environment that builds a stronger level of diversity and inclusion in our industry.
	<ul style="list-style-type: none"> Company-wide training in workplace policies (including diversity, anti-bullying and harassment, Equal Employment Opportunity). 	<ul style="list-style-type: none"> On-line learning platform established to provide an effective and accessible way for employees and contractors to complete inductions and training, complementing workshop sessions. In addition, specific offerings launched also to support Company policies such as bullying and harassment.
To ensure that recruitment and selection processes seek out candidates from a diverse background, with selection decisions being based on merit.	<ul style="list-style-type: none"> Recruitment sourcing strategies and practices deliver diverse candidate pools, employment decisions are made without regard to factors that are not applicable to the inherent requirements of a position and unconscious gender bias does not influence outcomes. Promote Adelaide Brighton as a diverse employer with an inclusive culture. 	<ul style="list-style-type: none"> Continued to invest in hiring manager capability with the launch of an on-line recruitment training module "Licence to Recruit" and the delivery of unconscious bias workshops for hiring managers. 20% of all new hires in 2019 were female with 45% of staff roles filled by female new hires. Initiatives to increase the number of female applicants applying for typically male dominated roles include: gender-neutral language in advertising, providing flexibility options, training for candidates without prior experience, and establishing a relationship with "Soldier On".
	<ul style="list-style-type: none"> Group mentoring program for high potential employees facilitated across the divisions to continue to develop inclusive leadership. 	<ul style="list-style-type: none"> Mentoring program embedded across the business to develop, inspire and support the next generation. Leadership talent priorities include building understanding and accountability to demonstrate inclusiveness and adapting leadership style to obtain maximum contribution from all employees.
Develop inclusive leaders who value diversity of opinions and challenge the status quo.		

SUSTAINABILITY REPORT - DIVERSITY REPORT

OBJECTIVES	DIVERSITY MEASURES TO FACILITATE ACHIEVEMENT OF OBJECTIVES	PROGRESS
Build talent pipelines through investment in skills and capabilities.	<ul style="list-style-type: none"> Ensure performance, development and succession management processes support the career progression of individuals regardless of gender or cultural background. Sponsor or encourage professional networking, coaching programs and cross-divisional projects to give employees the opportunity to connect with other professionals. Sponsor MBA or post-graduate studies for high potential employees. In recognition of the low female participation in engineering [11.2%]¹ and manufacturing vocations and to increase the diversity of our workforce: <ul style="list-style-type: none"> Implement programs designed to engage graduate engineers; Offer undergraduate scholarship opportunities and sponsor vacation work programs to engage students who are entering tertiary education to consider engineering as a career option; and Offer opportunities for secondary school students to become aware of diverse career opportunities within our industry. 	<ul style="list-style-type: none"> Development programs are provided for individuals as part of Our Business My Potential Program. Talent and Succession Management process proactively challenges and promotes gender representation. Investment in frontline management has enabled our frontline leaders to complete FastLead training building confidence, capability and an openness to learning. When needs are identified, coaching programs are supported across the business. Ready to Excel is a CEO sponsored program for identified high performers to inspire curiosity, innovation and networking across the Group. The inaugural program was launched in 2019 with 33.3% female participants. Adelaide Brighton supports external study and development for high potential employees. Electrical Engineering scholarship, University of Wollongong providing a female student both a financial benefit and a work placement opportunity. Engineering scholarships across multiple year groups are in place at University of Adelaide for female students. Sponsorship of STEM Program [Science, Technology, Engineering and Math] for Year 10 and 11 secondary school students. Vacation programs in place in Adelaide, Perth and Sydney. Participation in Kwinana Industries Council iWomen and iScience projects. Sponsorship of the SA Law Society Indigenous Law Student Mentoring Program, ongoing Scholarship for an indigenous secondary school student at St Peter's College in Adelaide. Support of the Aurora Foundation Aspiration Initiative designed to enhance academic achievement for Aboriginal and Torres Strait Islander secondary school students.
To reward and remunerate fairly.	<ul style="list-style-type: none"> Adelaide Brighton has a policy to provide equal pay for equal work. As part of the annual salary review process, Adelaide Brighton undertakes a review of pay parity. Pay parity is also considered at the time of hiring new employees, to eliminate potential gaps in pay arising from hiring decisions. 	<ul style="list-style-type: none"> The gender pay parity review was completed in 2019 as part of Adelaide Brighton's annual remuneration review processes. Methodology and training supporting the staff remuneration framework, the Mercer International Position Evaluation [IPE], is embedded in the hiring process.
To provide flexible work practices.	<ul style="list-style-type: none"> Adelaide Brighton seeks to provide suitable working arrangements for employees returning from maternity leave. Flexible working arrangements are available to all employees under our flexible work policy, to recognise that employees may have different domestic responsibilities throughout their career. We also offer 12 weeks' paid parental leave for the primary carer. Formal review of all part-time work arrangements to ensure roles are appropriate to maintain career development. 	<ul style="list-style-type: none"> Flexibility is offered to women returning from maternity leave including reduced hours to assist the transition back to the workplace. Flexibility is also offered to employees who may have temporary domestic responsibilities and require a change in working arrangements. 7% of the workforce have a part-time or casual work arrangement. 7 employees have taken Maternity Leave and 13 employees have taken Paternity Leave in 2019.
Understand the diversity of our workforce.	<ul style="list-style-type: none"> Measure age, gender, and cultural identity of our workforce. 	<ul style="list-style-type: none"> Analysis of results from bi-annual employee survey of cultural identity plus diversity data is collected from candidates during the recruitment process. Reconciliation Action Plan Working Group established. Member of Cement Concrete & Aggregates Australia (CCAA) Diversity Working Group.

1. Engineers Australia. The Engineering Profession. A Statistical Overview, Fourteenth Edition June 2019



**INVESTING IN FUTURE TALENT,
WHERE OUR INCLUSIVE WORKPLACE
CULTURE THRIVES ON DIVERSITY.**

Adelaide Brighton is committed to the regular review of its objectives to ensure that these continue to be appropriate and relevant. This commitment includes the completion of the workplace profile report as required by the *Workplace Gender Equality Act 2012*. A copy of the workplace profile report is available in the investor relations section of our website. The Board is committed to build upon the achievements to date and reinforce the continued efforts in promoting and cultivating a culture of diversity and inclusiveness.

The following table shows the proportional representation of women employees at various levels within the Adelaide Brighton Group [as at 31 December 2019]:

		MALE	FEMALE
Board	43%	4	3
Senior Executives	22%	7	2
Senior managers (direct reports to senior Executives)	40%	26	17
Total workforce	15%	1,280	220

A copy of our Diversity and Inclusion Policy is available in the corporate governance section of our website.